



Issue Brief

Electronic Transactions and Signatures

Bureau of Information and Telecommunications

Synopsis: The acceptance of electronic transactions and signatures would support the growing use of electronic commerce in South Dakota. Improved government efficiencies, such as submitting state forms via the Internet, would enable government to perform at "the speed of light."

Background

Electronic commerce refers to conducting business transactions via the electronic processing and transmission of data. Electronic commerce is dependent upon the use and acceptance of electronic records, electronic transactions and electronic signatures.

Electronic records are records created, generated, sent, communicated, received or stored by electronic means.

Electronic transactions are a set of actions occurring between two or more persons relating to the conduct of business, commercial or governmental affairs.

Electronic signatures are a method of signing a record, through electronic means, that identifies or authenticates a particular person as the source of the record. It also indicates the person's approval of the information contained in the record.

It is estimated that the number of South Dakotans with Internet accounts has grown from 26,000 in 1995 to 153,000 in 1998. The number doubled from 75,000 in 1997 to 153,000 in 1998. (Source: Mary Beth Crowe, mbc Internet Consulting of Pierre)

Implementing Uniform Laws

As of December 1999, 45 states have passed legislation covering electronic signatures or electronic commerce. Of the five states (Maryland, Michigan, New Jersey, New York and South Dakota)

without enacted legislation, all have legislation pending. Eighteen states have addressed electronic signatures for all their communications.

In order to provide a uniform approach to eliminate barriers to electronic commerce, the project to draft the Uniform Electronic Transactions Act (UETA) has been conducted by the National Conference of Commissioners on Uniform State Laws.

UETA is designed for adoption by all states to support the use of electronic commerce. The primary objective of this act is to establish the legal equivalence of electronic records and signatures with paper writings and manually signed signatures, thus removing barriers to electronic commerce. UETA also addresses the use of electronic commerce in connection with government transactions.

As of January 21, 2000, California and Pennsylvania have adopted UETA based legislation. Ten other states, including South Dakota, are proposing such legislation in 2000. The states currently introducing UETA based legislation are: Arizona, Indiana, Maryland, Nebraska, Ohio, Oklahoma, South Dakota, Utah, Vermont and Virginia.

Proposed Legislation

To provide legislative authority for the use and acceptance of electronic transactions and signatures, Senate Bill 193 has been introduced in the 2000 Legislative

Session. *The legislation does not require or dictate the use or acceptance of electronic transactions and signatures.* It merely provides for their use and acceptance. This legislation will provide a means to take advantage of the benefits of technology to participate in electronic commerce.

The Uniform Electronic Transactions Act (UETA) provides the basis for Senate Bill 193. The legislation focuses primarily on the legality of electronic records and electronic signatures. The proposed legislation provides that the use of electronic records meets legal writing requirements and that the use of electronic signatures meets legal signing requirements.

This legislation will provide standard rules pertaining to the use and acceptance of electronic transactions, records and signatures, without the need for each governmental entity or agency to develop their own set of rules.

Speed and Convenience for Taxpayers

By providing legislative authority for the use and acceptance of electronic transactions and signatures, electronic commerce will be allowed to thrive in South Dakota. Citizens as well as business and government will benefit from an environment more conducive to business and governance into the 21st century.

Most notably, electronic commerce will help government's constituents, the taxpayers, by providing them with convenience. Electronic commerce can put an end to long lines and hurried trips to town during limited service hours.

Already, electronic commerce applications allow citizens to apply for a state job with the Bureau of Personnel, file a sales tax return with the Department of Revenue, and order a copy of a birth certificate from the Department of Health.

Taxpayers will also benefit from electronic commerce's timeliness factor. Activities such as tax or forms filings will be handled in a timelier manner. What used to

take weeks or months to process now occurs in hours, days or weeks at the most, according to government tax administrators with electronic filing services. This also benefits the taxpayers by allowing government to deliver improved, streamlined services at less cost.

Get It Done Over the Internet

To see how to get information and transact business with state government via the Internet, visit the state government Internet site at <http://www.state.sd.us/> and click on "Get it Done in SD"

Additional Resources

A summary of electronic commerce and digital signature legislation for each state are found on the Internet: -

<http://www.mbc.com/ecommerce.html>

The Uniform Electronic Transactions Act (UETA) is available via the Internet: -

<http://www.law.upenn.edu/library/ulc/uecicta/uetast84.htm>

SB 193 is also available via the Internet: -

<http://www.state.sd.us/state/legis/lrc/lawstat/https/75/193.htm>

Contact

Otto Doll
Commissioner, Bureau of
Information and Telecommunications
605-773-5110
otto.doll@state.sd.us